Condensed Interim Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

For the three month periods ended September 30, 2018 and 2017

(unaudited)

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statement of Financial Position

As at	September 30, 2018	June 30, 2018
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	$ 87,633	$ 88,812
Trade and other receivables (note 14(a))	5,509	8,019
Prepaid expenses and deposits	21,314	24,747
Investments at fair value – Short term loans (note 4)	315,000	375,000
Investments at fair value – Equity (note 4)	4,795,500	4,795,500
Property, plant and equipment (note 5)	44,509	44,509
Lease reclamation deposits	125,287	124,746
	$ 5,394,752	**$ 5,461,333**
Liabilities and Shareholders' Equity		
Trade and other payables (note 14(b))	$ 216,509	$ 154,665
Note payable (note 6)	–	250,000
Decommissioning liabilities (note 7)	237,794	288,220
	454,303	692,885
Shareholders' equity		
Share capital (note 8)	7,492,253	7,492,253
Contributed surplus	846,680	846,680
Deficit	(3,398,484)	(3,570,485)
	4,940,449	4,768,448
	$ 5,394,752	**$ 5,461,333**

Subsequent event (note 17)

See accompanying notes to the condensed interim consolidated financial statements.

Approved for issuance by the Board of Directors on November 28, 2018

Signed *"Raymond Antony"*
Director

Signed *"Mike Smith"*
Director

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

Three month period ended September 30,	2018	2017
Revenues		
Net investment gains (losses)		
Net realized gain (loss) on disposal of investments	$ –	$ (16,508)
Net change in unrealized (loss) gain on investments	–	(360,736)
Interest revenue	542	4,204
Other revenue (note 6)	250,000	–
	250,542	(373,040)
Net revenue from oil and gas properties (note 10)	7,024	11,645
	257,566	(361,395)
Expenses		
General and administrative	59,256	90,670
Professional fees	13,710	21,339
Transaction costs	–	560
Finance costs (note 9)	116	166
Oil and natural gas expenses (note 10)	12,483	30,503
	85,565	143,238
Net income (loss) and comprehensive income (loss)	**$ 172,001**	**$ (504,633)**
Net income (loss) per share (note 11):		
Basic and diluted	$ 0.00	$ (0.01)

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

As at		September 30, 2018		September 30, 2018
Share capital				
Balance, beginning of period	$	7,492,253	$	7,492,253
Balance, end of period		7,492,253		7,492,253
Contributed surplus				
Balance, beginning of period		846,680		846,680
Balance, end of period		846,680		846,680
Deficit				
Balance, beginning of period		(3,570,485)		(2,860,159)
Net income (loss) and comprehensive income (loss)		172,001		(504,633)
Balance, end of period		(3,398,484)		(3,364,792)
Shareholders' equity	**$**	**4,940,449**	**$**	**4,974,141**

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

Three month period ended September 30,	2018	2017
Cash provided by (used in):		
Operations:		
Net income (loss) from continuing operations	$ 172,001	$ (504,633)
Items not affecting cash:		
Net change in unrealized gains on investments	–	360,736
Accretion (note 10)	576	576
Revision of estimates in decommissioning liabilities (note 10)	(1,444)	1,776
Change in non-cash operating working capital:		
Trade and other receivables	2,510	(1,539)
Proceeds on disposal of investments, net of realized gain	60,000	179,870
Purchase of investments	–	(34,200)
Prepaid expenses and deposits	2,891	6,747
Trade and other payables	61,845	9,524
	298,379	**18,857**
Finance:		
Note payable	(250,000)	–
	(250,000)	**–**
Investments:		
Decommissioning costs incurred	(49,558)	–
	(49,558)	–
Net change in cash and cash equivalents	(1,179)	18,857
Cash and cash equivalents, beginning of period	88,812	30,707
Cash and cash equivalents, end of period	**$ 87,633**	**$ 49,564**
Supplemental cash flow information:		
Interest received	$ –	$ 3,405

See accompanying notes to the condensed interim consolidated financial statements.

1. General information:

Blackhawk Resource Corp. (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

The Corporation invests in equity and debt instruments of companies to generate positive returns for shareholders. The Corporation's current strategy is focused on investing mainly in the e-Sports industry throughout North America.

The Corporation's registered office is located at Suite 650, 816 7th Ave SW, Calgary, Alberta, T2P 1A1.

2. Basis of preparation:

The condensed interim consolidated financial statements for the three month periods ended September 30, 2018 and 2017 have been prepared in accordance with International accounting standard ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are presented in Canadian dollars. These condensed interim consolidated financial statements do not include all disclosure required for fair presentation and should be read in conjunction with the Corporation's June 30, 2018 yearend consolidated financial statements.

Statement of compliance

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in the Corporation's June 30, 2018 yearend consolidated financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis with some exceptions in accordance with IFRS, as detailed in the accounting policies set out in the Corporation's June 30, 2018 yearend financial statements. These policies have been applied consistently for all periods presented in these condensed interim consolidated financial statements.

3. Adopted accounting standards:

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after July 1, 2018 or later periods. The standards impacted that are applicable to the Corporation are as follows:

a) IFRS 9, "Financial Instruments" final version was issued in July 2014, which reflects all phases of the financial instruments project and replaces IAS 39 'Financial Instruments: Recognition and Measurement' and all previous versions of IFRS 9. IFRS 9 introduces new requirements for classifying and measurement, impairments and hedge accounting for financial assets. The adoption of this standard had no significant impact on the Corporations financials.

b) IFRS 15, "Revenue from Contracts with Customers" was issued in May 2014 to replace IAS 18 "Revenue" and IAS 11 "Construction Contracts", and several revenue related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. The adoption of this standard had no significant impact on the Corporations financials.

c) IFRS 16 "Leases", was issued in January 2016, which provides guidance on accounting for leases. The new standard replaces IAS 17 "Leases" and related interpretations. IFRS 16 eliminates the distinction between operating leases and financing leases for lessees. The adoption of this standard had no significant impact on the Corporations financials.

4. Investments at fair value and financial instruments hierarchy:

Financial hierarchy:

Fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Equity investments by sector consist of the following as at September 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$508,166	$ –	$ –	$ –	$ –	0%
Technology and other	1,813,268	–	–	4,795,500	4,795,500	100%
Total	**$2,321,434**	**$ –**	**$ –**	**$4,795,500**	**$4,795,500**	**100%**

Equity investments by sector consist of the following as at June 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$508,166	$ –	$ –	$ –	$ –	0%
Technology and other	1,813,268	–	–	4,795,500	4,795,500	100%
Total	**$2,321,434**	**$ –**	**$ –**	**$4,795,500**	**$4,795,500**	**100%**

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private companies.

The fair value of the level 3 investments of $4,795,500 (June 30, 2018 - $4,795,500) are subject to market risk, commodity risk and change in demand in the mining and technology industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding $239,775 (June 30, 2018 - $239,775) change in the value of the investment.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

In accordance with IFRS 10, the fair value of the Corporations investments includes the fair value of an entity that is controlled by the Corporation.

The fair value of the common shares included in level 3 of $4,795,500 (June 30, 2018 - $4,795,500) consists of a related party investment in UMG Media Corp. ("UMG"). The investment has been evaluated based on available data from UMG.

4. Investments at fair value and financial instruments hierarchy (continued):

Short term loan investments consist of the following:

	September 30, 2018	June 30, 2018
Short term loans	$315,000	$375,000
Total loan investments	**$315,000**	**$375,000**

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing in the amount of $508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was $Nil. On June 20, 2018, the Corporation was able to negotiate new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay Blackhawk a total of $450,000. The $450,000 has been moved to short terms loans, since that date $135,000 of the total has been paid. The remaining balance is non-interest bearing and will be repaid with a minimum of $20,000 per month.

The carrying value of the Corporation's short term loans approximates their fair value due to the short term nature of these loans and would be included in level 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 16 months or less at an average interest rate of Nil (June 30, 2018 – Nil).

5. Property, plant and equipment:

The Corporation's property, plant and equipment are composed of the following:

	September 30, 2018	June 30, 2018
Provost Area GORR	$44,509	$44,509
Total property, plant and equipment	**$44,509**	**$44,509**

In addition to the Provost Area GORR the Corporation's oil and gas properties at September 30, 2018 and 2017 consisted of 2 CGUs, the Greencourt Area and the Wood River Area. These CGUs have a total cost of $518,740 (2016 - $518,740) and accumulated depletion and impairment of $518,740 (2016 - $518,740).

6. Note payable:

On January 22, 2018, the Corporation entered into a note payable with UMG in the amount of $250,000. The initial agreement included an interest rate of 10% per annum to be accrued on the loan and be payable quarterly. With the signing the letter of intent with UMG, the interest payment was waived. On July 12, 2018, with the termination of the transaction, the Corporation allocated the note payable to the termination fee due from UMG and included it in other revenue.

7. Decommissioning liabilities:

	September 30, 2018	June 30, 2018
Balance, beginning of period	$288,220	$189,467
Accretion	576	2,304
Decommissioning costs incurred	(49,558)	–
Revision of estimates	(1,444)	96,449
Balance, end of period	**$237,794**	**$288,220**

7. Decommissioning liabilities (continued):

The Corporation estimates the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at September 30, 2018 is approximately $249,199 (2018 - $299,118) expected to be incurred over the next year to 9 years. An inflation factor of 3% per annum (2017 – 3% per annum) was applied to determine the expected future costs and an average risk free rate of 1.79% (2017 – 0.74%) was used to calculate the present value of the estimated future decommissioning liabilities.

8. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, September 30, 2018 and June 30, 2018	**41,196,374**	**$7,492,253**

c.) Stock options:

The Corporation has implemented a stock option plan for Directors, Officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 4,119,637 (June 30, 2018 – 4,119,637) common shares. The details of this plan are as follows:

	September 30, 2018		June 30, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	2,400,000	$0.10	2,400,000	$0.10
Expired	–	–	–	–
Options outstanding, end of period	**2,400,000**	**$0.10**	**2,400,000**	**$0.10**
Exercisable, end of period	**2,400,000**	**$0.10**	**2,400,000**	**$0.10**

The following table summarizes information about stock options outstanding and exercisable at September 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.10	600,000	0.22 years	$0.10
$0.10	300,000	0.42 years	$0.10
$0.10	1,500,000	1.85 years	$0.10
	2,400,000	**1.26 years**	**$0.10**

8. Share capital (continued):

The following table summarizes information about stock options outstanding and exercisable at June 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.10	600,000	0.47 years	$0.10
$0.10	300,000	0.67 years	$0.10
$0.10	1,500,000	2.10 years	$0.10
	2,400,000	**1.51 years**	**$0.10**

9. Finance costs:

The Corporation's finance costs consist of the following:

September 30,	**2018**	**2017**
Bank fees	$116	$166
Finance costs	**$116**	**$166**

10. Oil and natural gas revenues and expenses:

The Corporation's oil and natural gas revenues and expenses consist of the following:

September 30,	**2018**	**2017**
Net revenue from oil and natural gas properties:		
Oil and natural gas revenue	$7,024	$11,645
Less royalties	–	–
Net revenue from oil and natural gas properties	**$7,024**	**$11,645**
Oil and natural gas expenses:		
Accretion	576	576
Revision of estimates in decommissioning liabilities	(1,444)	1,776
Field operating costs	13,351	28,151
Oil and natural gas expenses	**$12,483**	**$30,503**

11. Per share amounts:

Net income (loss) per share on a diluted weighted average basis is the same as that presented for basic as all factors are anti-dilutive. The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

September 30,	**2018**	**2017**
Weighted average shares outstanding, basic and diluted	41,196,374	41,196,374

12. Key management compensation and related party transactions:

a.) Key management compensation

Key management personnel are composed of the Corporation's Directors and Officers.

For the three month period ended September 30, 2018, the Corporation incurred consulting fees of $27,750 (2017 – $52,500), and directors fees of $6,250 (2017 - $6,250), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive loss. At September 30, 2018, $6,250 in directors fees remained outstanding (2017 - $6,250).

b.) Related party transactions (not mentioned elsewhere in the financial statements – see Note 4 and 6)

During the three month period ended September 30, 2018, the Corporation incurred legal costs of $6,727 (2017 - $4,583) with a law firm in which the Corporate secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, $6,727 was included in trade and other payables at September 30, 2018 (2017 - $3,253).

13. Financial instruments:

The carrying values of the Corporation's financial instruments by category were as follows:

September 30, 2018			
Asset (liability)	**Fair value through profit or loss**	**Loans and receivables at amortized cost**	**Financial liabilities at amortized cost**
Cash and cash equivalents	$ –	$87,633	$ –
Trade and other receivables	–	5,509	–
Investments at fair value – Equity	4,795,500	–	–
Investments at fair value – Short term loans	315,000	–	–
Trade and other payables	–	–	(216,509)
	$5,110,500	**$93,142**	**$(216,509)**

June 30, 2018			
Asset (liability)	**Fair value through profit or loss**	**Loans and receivables at amortized cost**	**Financial liabilities at amortized cost**
Cash and cash equivalents	$ –	$88,812	$ –
Trade and other receivables	–	8,019	–
Investments at fair value – Equity	4,795,500	–	–
Investments at fair value – Short term loans	375,000	–	–
Trade and other payables	–	–	(154,665)
Note payable	–	–	(250,000)
	$5,170,500	**$96,831**	**$(404,665)**

The carrying value of the Corporation's financial instruments, excluding investments at fair value (note 4), approximate their fair value due to the short term nature of these instruments.

14. Risk Management:

Financial instruments risks:

The use of financial instruments can expose the Corporation to several risks including credit, liquidity, and market risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

a.) Credit risk:

The Corporation is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Corporation manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

At September 30, 2018, the Corporation's trade and other receivables of $5,509 (June 30, 2018 - $8,019) consisted of $2,000 (2018 - $4,944) due from joint venture partners, and $3,509 (2018 - $3,075) of other receivables.

The Corporation's receivables are normally collected within a 60-90 day period. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Corporation has not experienced any collection issues with its petroleum and natural gas marketers. The Corporation attempts to mitigate the risk from joint-venture receivables by obtaining partner approval of significant capital expenditures prior to the expenditure. However, the receivables are from participants in the petroleum and natural gas sector, and collection of the outstanding balances is dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling.

In addition, further risk exists with joint-venture partners as disagreements occasionally arise that increases the potential for non-collection. The Corporation does not typically obtain collateral from petroleum and natural gas marketers or joint-venture partners.

The Corporation manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management review the financial conditions of its investee companies regularly.

b.) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at September 30, 2018:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$216,509	$ –
Total	**$216,509**	**$ –**

The following are the contractual maturities of financial liabilities as at June 30, 2018:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$154,665	$ –
Note payable	250,000	
Total	**$404,665**	**$ –**

14. Risk Management (continued):

c.) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally the Corporation is required to fair value its investments held for trading at the end of each reporting period. This process could result in significant write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Corporation's financial position.

- Equity price risk is defined as the potential adverse impact on the Corporation's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Corporation has a concentration of equity price risk due to one of its investments being worth 100% of its portfolio. The Corporation sets thresholds on purchases of investments over which approval of the Board of Directors is required.

  During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Corporation's investment portfolio can be quite vulnerable to market fluctuations. A 5% change in the closing trade price of the Corporation's held for trading investments would result in a $239,775 (June 30, 2018 - $239,775) change in unrealized gain (loss) on investments.

- Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand.

15. Capital disclosures:

As at September 30, 2018, in the definition of capital, the Corporation includes shareholders' equity of $4,940,449 (2018 - $4,768,448). The Corporation`s objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing. The Corporation is not exposed to externally imposed capital requirements.

16. Commitments:

As at September 30, 2018, the Corporation had the following outstanding commitments:

September 30,	**2019**	**2020**	**Total**
Office lease	$47,440	$47,440	**$94,880**
Number of months	9	9	**18**

17. Subsequent event:

On November 22, 2018, the Corporation made a strategic investment into a private company that is active in the on line Hemp and CBD premium handcrafted products ("HempCo"). The Corporation has made an equity investment and will hold approximately 20% of HempCo and will have the opportunity to increase that ownership percentage significantly over time.